

Inspector General

United States
Department of Defense



Hotline Complaint

February 10, 2011

Hotline Complaint Regarding Allegations
of Abusive Behavior by a Supervisor in the
Defense Contract Audit Agency
Northeastern Region

Report No. D-2011-6-003

Report Documentation Page			Form Approved OMB No. 0704-0188		
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 10 FEB 2011		2. REPORT TYPE		3. DATES COVERED 00-00-2011 to 00-00-2011	
4. TITLE AND SUBTITLE Hotline Complaint Regarding Allegations of Abusive Behavior by a Supervisor in the Defense Contract Audit Agency Northeastern Region			5a. CONTRACT NUMBER		
			5b. GRANT NUMBER		
			5c. PROGRAM ELEMENT NUMBER		
6. AUTHOR(S)			5d. PROJECT NUMBER		
			5e. TASK NUMBER		
			5f. WORK UNIT NUMBER		
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Department of Defense Office of Inspector General, 400 Army Navy Drive, Arlington, VA, 22202-4704			8. PERFORMING ORGANIZATION REPORT NUMBER		
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)			10. SPONSOR/MONITOR'S ACRONYM(S)		
			11. SPONSOR/MONITOR'S REPORT NUMBER(S)		
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 20	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Additional Copies

To obtain additional copies of the final report, visit the Web site of the Department of Defense Inspector General at <http://www.dodig.mil/audit/reports> or contact the Assistant Inspector General for Audit Policy and Oversight at (703) 604-8760 (DSN 664-8760) or fax (703) 604-8982.

Suggestions for Future Reviews

To suggest ideas for or to request future reviews, contact the Office of the Assistant Inspector General for Audit Policy and Oversight at (703) 604-8760 (DSN 664-8760) or fax (703) 604-8982. Ideas and requests can also be mailed to:

Office of the Assistant Inspector General
for Audit Policy and Oversight
Department of Defense Inspector General
400 Army Navy Drive (Room 833)
Arlington, VA 22202-4704

Acronyms

DCAA	Defense Contract Audit Agency
GAO	Government Accountability Office
IG	Inspector General



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

FEB 10 2011

MEMORANDUM FOR DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY

SUBJECT: Report on Hotline Complaint Regarding Allegations of Abusive Behavior by
a Supervisor in the Defense Contract Audit Agency, Northeastern Region
(Report No. D-2011-6-003)

We are providing this report for your information and use. We performed this review based on a Defense Hotline complaint. We considered management comments on a draft of this report. The management comments conformed to the requirements of DoD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Carolyn R. Davis at (703) 604-8877 (DSN 664-8877), or carolyn.davis@dodig.mil.

A handwritten signature in blue ink, appearing to read "Randolph R. Stone", is positioned above the printed name.

Randolph R. Stone
Deputy Inspector General
for Policy and Oversight

Table of Contents

Results in Brief	i
-------------------------	---

Introduction

Objective	1
Background	1

Finding

Hotline Allegation: Abusive Behavior by a Supervisor	2
Supervisor had Serious Problems Dealing with Subordinates	2
Management Failed to Hold the Supervisor Accountable for Her Actions	5
Recommendations	9

Appendix

A. Scope and Methodology	11
--------------------------	----

Management Comments

Defense Contract Audit Agency	12
-------------------------------	----



Allegations of Abusive Behavior by a Supervisor in the Defense Contract Audit Agency Northeastern Region

Results In Brief

What We Did

We reviewed the DoD Hotline complaint alleging that a supervisor working in the Defense Contract Audit Agency (DCAA) Northeastern Region had exhibited abusive behavior toward her subordinates and that management did not hold the supervisor accountable for her behavior.

What We Found

We substantiated the allegation that a supervisor in the Northeastern Region of DCAA created a highly stressful work environment at two offices. The supervisor's behavior was inconsistent with the ethical values contained in DoD 5500.7-R and established DCAA performance standards. DCAA management did not take timely and effective action to correct the work environment issues caused by the supervisor. The supervisor's actions were not conducive to fostering a work environment with high morale, mutual trust, and respect. Management did not hold the supervisor accountable for her actions during the annual performance appraisal process, and did not adequately monitor or counsel the supervisor during her probationary period. The supervisor's actions were partly rooted in the Agency-wide culture, which emphasized a production-oriented work environment.

What We Recommend

DCAA should increase the number of evaluations performed during a supervisor's probationary period from one to at least three, in order to adequately monitor and document their progress and take timely corrective action. Further, we recommend that DCAA assess its current procedures and training given to supervisors and managers to ensure that supervisors are properly trained in interpersonal skills, management implements a strong program to monitor new supervisors, and management holds supervisors accountable for maintaining effective and professional working relationships. Finally, we recommend that DCAA consider appropriate actions concerning the supervisor's first-line and second-line manager to clarify and reinforce appropriate management behavior.

Management Comments

DCAA concurred with all recommendations and provided an adequate plan for implementing these recommendations.

United States Department of Defense
Office of Inspector General
Project No. D2010-DIP0AI-0068.000
Report No. D-2011-6-003
February 10, 2011

Introduction

Objective

We conducted this review to determine whether the complainant's allegations concerning a supervisor's abusive behavior can be substantiated. The complainant, who is anonymous, specifically alleged that:

- a supervisor had serious problems dealing with subordinates, and
- management failed to hold the supervisor accountable for her actions.

See Appendix A for details regarding our scope and methodology.

Background

Defense Contract Audit Agency (DCAA) is under the authority, direction, and control of the United States Under Secretary of Defense (Comptroller). DCAA is responsible for performing all contract audits for the DoD and providing accounting and financial advisory services regarding contracts and subcontracts to all DoD Components responsible for procurement and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts. In addition, DCAA performs contract audit services for non-DoD Federal organizations on a reimbursable basis.

The Government Accountability Office (GAO) issued two reports addressing DCAA work environment and audit quality issues, including one in July 2008¹ and the other in September 2009². The 2008 report addressed frequent DCAA management actions that served to intimidate auditors, impair some audits, and create an abusive environment at two offices of three covered in its investigation. The 2009 report noted that nationwide audit quality problems were rooted in DCAA's poor management environment and culture, which included DCAA's focus on a production-oriented mission and the establishment of policies, procedures, and training that emphasized performing a large quantity of audits over audit quality.

After the 2008 GAO report, the DoD Hotline received a significant increase in the number of complaints regarding work environment issues at DCAA, including the hotline complaint addressed in this report. In September 2008, DCAA established its own anonymous hotline web site and formed an Internal Review division to investigate hotline referrals and other matters. Although DCAA received the complaint addressed in this report, they elected not to investigate it because we had already initiated our review.

¹ Report No. GAO-08-857, "DCAA AUDITS: Allegations That Certain Audits at Three Locations Did Not Meet Professional Standards Were Substantiated," July 22, 2008.

² Report No. GAO-09-468, DCAA AUDITS: "Widespread Problems with Audit Quality Require Significant Reform," September 23, 2009.

Finding

Hotline Allegation: Abusive Behavior by a Supervisor

We substantiated the allegations in the DoD Hotline complaint. The complaint alleged that:

- a supervisor working in the Northeastern Region had serious problems dealing with subordinates; and
- management failed to hold the supervisor accountable for her actions.

Eight of nine subordinates we interviewed stated that the supervisor had created a highly stressful and abusive work environment. DCAA management failed to take timely and effective action to correct the work environment issues caused by the supervisor. Management did not adequately monitor or counsel the supervisor, or hold her accountable during the probationary period and the annual performance appraisal process.

Supervisor Had Serious Problems Dealing with Subordinates. We substantiated the allegation that the supervisory auditor had serious problems interacting with her subordinates.

Allegation. According to the complainant, a supervisor working in the DCAA Northeastern Region was incapable of supervising employees. The allegation further states that management made the mistake of transferring the supervisor to another office, and subordinates at the second office also complained that the supervisor was extremely abusive and mean spirited.

Background. The subject of this allegation (hereafter referred to as the supervisor) was assigned to a grade 13 supervisory position in May 2007 at a DCAA Northeastern office (hereafter referred to as Office A). The supervisor had previously held a non-supervisory, grade 13, technical specialist position. In February 2008, a Human Resources Officer conducted a climate survey at the request of the subordinates at Office A, who were having difficulty working for the supervisor. After completing the survey, the Human Resources Officer recommended that Regional management meet immediately with the Office A subordinates to address the subordinates' concerns.

In March 2008, Regional management met with the subordinates and offered to transfer any of them to a different office. Since the subordinates enjoyed the work at Office A, only two of the Office A subordinates requested transfers. Management granted the two transfer requests in April 2008, but did not take any other action to address the subordinates' concerns reflected in the climate survey.

In May 2008, after the work environment at Office A had not improved, Regional management decided to transfer the supervisor to another office (hereafter referred to as Office B). At that time, the supervisor's first-line manager certified that the supervisor had successfully completed

her 1-year probationary period. Within a few months of the supervisor's transfer to Office B, the Office B subordinates began lodging complaints against the supervisor.

In February 2009, the Office B subordinates met with the supervisor's first and second-line manager to describe how the highly stressful work environment was negatively affecting them, both inside and outside the office. Shortly after the meeting, management moved the supervisor into a non-supervisory, grade 13, technical specialist position within the Regional office.

Our Review. We evaluated the results of the February 2008 climate survey that was conducted while the supervisor was still at Office A. The survey clearly demonstrates the poor work environment that the supervisor created and the subordinates endured. During the survey, the Office A subordinates expressed various complaints regarding the supervisor's actions, such as micromanagement of timesheets, travel, telework, and other administrative matters. The subordinates also conveyed that the supervisor did not place any trust in them, even though many of them had been with the Agency for more than 20 years. Furthermore, the survey reflects that the subordinates felt the supervisor was abrasive and unprofessional.

We interviewed³ nine subordinates from Offices A and B, representing all subordinates except those who had retired or were otherwise not available. We also interviewed the supervisor, her first-line manager, and her second-line manager. Eight of the nine subordinates (89 percent) described a very stressful work environment that the supervisor had created. Six of the eight subordinates who described a very stressful work environment stated that the supervisor was unprofessional to them, and the remaining two said they were aware of instances in which the supervisor was unprofessional to others.

Office A Interviews. In addition to confirming their descriptions of the supervisor from the climate survey, Office A subordinates stated that the supervisor did not understand the nature of work performed at Office A and was more concerned with matters of an administrative nature. Office A subordinates also stated that there was a significant loss of morale as a result of the stress-filled work environment.

Office A subordinates described several instances in which they believed the supervisor had acted inappropriately. For example, two Office A subordinates stated that the supervisor had expressed extreme anger when they took a colleague to lunch and had not invited her. After returning from lunch, the supervisor called the subordinates into her office to express that they had embarrassed her, and suggested that the subordinates contrived the lunch on purpose to exclude her. To avoid further escalation of the argument, one of the subordinates attempted to leave the supervisor's office, but the supervisor yelled, "I am not done with you yet. You get back here." The supervisor then threatened the subordinate with a verbal admonishment for the incident.

³ As part of the interview process, we placed all employees under oath. We also recorded and obtained transcriptions of all interviews.

Office B Interviews. Office B subordinates stated during our interviews that the supervisor had a very poor management style and did not possess any people skills. The subordinates described the supervisor as suspicious, insulting, and intimidating. Some of the subordinates stated that she would occasionally yell at them. When asked what it was like working for the supervisor, one responded, "... fear-driven, like walking on eggshells." Another subordinate stated that "it is not a good thing to come to work crying or to feel like you need to cry."

Among the several incidents described by Office B subordinates, one involved the supervisor criticizing a subordinate for helping a new employee with routine administrative matters. According to the subordinate, the supervisor told him on several occasions, "You can't help her. You are a trainee. You don't know anything." The same subordinate also recalled an incident when he asked the supervisor questions regarding a sample he had selected in advance of his attendance at a statistical sampling course. After the supervisor told him, "I don't know, figure it out," the subordinate contacted the instructor for assistance. When the supervisor learned that the subordinate had asked the instructor for assistance, the supervisor responded, "How dare you go over my head! This makes me look bad."

Supervisor Interview. The supervisor acknowledged having difficulties with some subordinates and does not deny that the incidents had occurred. However, the supervisor felt that the subordinates had taken some of the incidents out of context. She also said the subordinates did not welcome her at Office A because they wanted management to select someone else for the position. The supervisor also believes that the team structure of Offices A and B were partly geared for her failure. She repeatedly asked management to provide her with additional senior subordinates or assistance from another seasoned supervisor, but management never provided her that assistance. The supervisor also pointed out that the difficulties between her and the subordinates at Office A were partly due to management's desire to implement changes designed to increase their oversight of the audits. According to the supervisor, the subordinates strongly resisted those changes.

First and Second-Line Manager Interviews. The first-line manager, who managed the supervisor at both Offices A and B, said that the supervisor was not right for the position. The first-line manager said she was not sure if the supervisor or the subordinates were to blame for the difficulties at Office A. However, the first-line manager eventually realized that the supervisor's interpersonal skills toward subordinates were not well-suited for a supervisory position, once she began hearing similar complaints from the Office B subordinates.

We interviewed the second-line manager at Office A. We were unable to interview the second-line manager of Office B because he is now retired and hampered by a medical condition. The second-line manager of Office A stated that she was aware of the complaints, but acknowledged that she did not witness the day-to-day interactions between the supervisor and the subordinates. Despite the difficulties as a supervisor, both the first and second-line managers pointed out that the supervisor is a very knowledgeable auditor and doing well in her current capacity as a technical specialist.

Based on evidence we obtained from the climate survey and from our interviews, we substantiated the allegation that the supervisor had serious difficulties working with subordinates and that she had created a highly stressful and abusive work environment. We substantiated the allegation based primarily on the following evidence:

- subordinates gave compelling, specific, and frequent examples of the supervisor's inappropriate behavior;
- 89 percent of the subordinates at two separate offices stated that the supervisor exhibited abusive or unprofessional behavior toward them or others;
- complaints of the supervisor's behavior were similar in nature, and often supported by emails or contemporaneous notes taken by the subordinates;
- the first-line manager confirmed that the supervisor did not demonstrate adequate interpersonal skills toward the subordinates;
- Regional management took the unusual step of removing the supervisor from two separate offices within 1 year and 8 months, amid complaints about the supervisor's behavior. Supervisors typically spend 5 to 7 years at an office before management moves (rotates) them to another office.

The evidence indicates that the supervisor's behavior was inconsistent with the primary ethical values contained in DoD 5500.7-R, which includes fairness, caring, and respect, in discharging her duties as a supervisor. In addition, the supervisor's performance was unacceptable according to the "Interpersonal Skills and Teaming" performance standard that DCAA has established for supervisors. This standard requires that the supervisor, "Establish and maintain working relationships inside and outside DCAA," and includes the following examples of "unacceptable" performance:

"...Responds negatively or uncooperatively to requests requiring supervisory mediation. Justified complaints are often received regarding attitude and approach.....Fails to consistently support and promote the team concept as articulated in Agency and Regional goals and objectives...."

While the supervisor should have recognized that her behavior was inappropriate, management also bears part of the responsibility. Even though the supervisor's difficulties with the subordinates were clearly evident as a result of the February 2008 climate survey, management failed to take any timely or substantive action to improve the work environment. As discussed below, management also did not adequately monitor, counsel, or hold the supervisor accountable for her actions.

Management Failed to Hold the Supervisor Accountable for Her Actions. We substantiated the allegation that management did not hold the supervisor accountable for her actions. During the annual evaluation process, and as part of the probationary period, management did not hold the supervisor accountable for failing to establish a professional work environment. While discipline might have been appropriate, it would have been hampered by management's failure to fulfill its responsibility of monitoring and counseling the supervisor during her 1-year probationary period, as Chapter 18 of the DCAA Personnel Management

Manual requires. The management culture within DCAA at that time, which emphasized productivity over quality, also contributed to the difficulties that the supervisor had in working with her staff.

Annual Appraisals. Management did not hold the supervisor accountable for her actions as part of the annual appraisal process. The annual appraisal process at DCAA includes two components, the performance appraisal rating and promotion potential score. In the performance appraisal, the first-line manager rated the supervisor as “Exceeds Fully Successful” (the second highest rating) in the area of “Interpersonal Skills and Teaming.” In her promotion potential score, which assesses the supervisor’s ability to perform at the next level of responsibility, the first-line manager rated the supervisor highly in her ability to establish and maintain a cooperative working environment. These ratings are not reflective of the difficulty that the supervisor had in interacting with subordinates at both Offices A and B. Even though the first-line manager told us that the supervisor did not demonstrate adequate interpersonal skills with her subordinates, the same manager continued to give the supervisor high ratings on interpersonal skills. In addition, the first-line manager did not prepare an “exit” appraisal rating covering her last (partial) year as a supervisor, which is in noncompliance with DCAA Personnel Management Manual, Chapter 17, section 5-4c.

We also noted that management did not hold the supervisor accountable using disciplinary action (for example, written reprimand, downgrade, etc.). However, disciplinary action might have been hampered because management failed in its responsibility to provide the necessary monitoring and counseling needed to help the supervisor deal effectively with subordinates.

Monitoring and Counseling. DCAA Personnel Management Manual, Chapter 18, paragraph 3-1, states,

“The Agency is required to monitor new supervisors and managers during the probationary period and to keep them informed of their progress. They must be given an adequate opportunity to perform successfully, and the Agency must provide the support to help them succeed.”

Our review disclosed indications that management did not adequately monitor and document the supervisor’s progress during her probationary period. As part of the 1-year probationary period, the first-line manager prepared two evaluations on the supervisor’s progress, one covering the first 6 months and another covering the first 10 months. The 6-month evaluation reflected that her performance was satisfactory in all areas, including “Maintains Effective Interpersonal Relationships.” On the 10-month evaluation, the first-line manager again rated the supervisor as satisfactory in all areas, but management used the form for rating auditors, not supervisors. Use of the wrong form is indicative of the lack of attention paid to documenting the supervisor’s actions during the 1-year probationary period (May 2007 through May 2008).

We found no evidence that management had appropriately increased its monitoring efforts of the supervisor even after the February 2008 climate survey. Management should have recognized the need to closely monitor the supervisor’s actions and take timely corrective action to improve

the deteriorated work environment. The offer to transfer the subordinates to another office was not an acceptable management response because it did not address the underlying behavior that was impacting the work environment.

The supervisor stated in her interview that she did not receive counseling regarding her interactions with subordinates. While the first line manager said that she had verbally counseled the supervisor on several occasions, the supervisor stated that she was not told of any serious problems until management informed her that she was being placed on a Performance Improvement Plan⁴, just days before management removed her as a supervisor in February 2009. The first-line manager should have used the probationary period to closely monitor and counsel the supervisor on her actions in order to accurately document the supervisor's progress, provide constructive counseling, identify additional training needs, and ultimately determine whether the supervisor should continue in a supervisory capacity beyond the probationary period. Management's failure to take appropriate action was inconsistent with the DCAA Personnel Management Manual, Chapter 18, paragraph 1-3, which states, "The probationary period provides the Agency with an opportunity to assess the newly appointed supervisor or manager's skills in a position of leadership, and to return the employee to a non-supervisory or non-managerial position should circumstances warrant." DCAA should consider appropriate actions concerning the first line manager to emphasize and reinforce the need to monitor and counsel supervisors during their probationary period, and prepare annual evaluations that accurately reflect their performance.

Currently, DCAA procedures require that management prepare only one evaluation during a supervisor's probationary period, at the end of 6 months. The supervisor's difficulties we noted in this case are not unique. We plan to report on additional Hotline allegations we substantiated, which involve the questionable behavior of other supervisors during their probationary period. GAO reports also identified several instances of supervisor actions that did not comply with Generally Accepted Government Auditing Standards. To help ensure that management carries out an effective and continual monitoring program, management should prepare evaluations at least three times during the supervisory probationary period. We suggest using the same rating schedule that DCAA uses for auditors on probation, which requires evaluations at the end of 3 months, 6 months, and 10 months.

Training. The supervisor attended the standard one-week training course given to all supervisors. Management also provided the supervisor with specific training on interpersonal skills, but the training was not provided until one month *after* her removal as a supervisor. Had management effectively monitored and documented the supervisor's additional training needs during probation, she would have received this training in a timely manner and might have been able to recognize and correct her questionable behavior.

Management Culture. The supervisor's poor behavior toward the subordinates was partly rooted in the agency-wide DCAA culture of production-oriented metrics and management

⁴ When an employee is placed on a Performance Improvement Plan, they need to show improvement within an established period of time or face disciplinary action.

intimidation that the Government Accountability Office addressed in its July 2008 and September 2009 reports.

The supervisor's second line manager for Office A stated that she wanted to institute changes because she felt Office A lacked "structure." Shortly after becoming the supervisor of Office A in May 2007, the second-line manager instructed the supervisor and the first-line manager to take a more "hands-on" approach to supervising audits and to implement productivity metrics in order to "focus resources with the largest payback." A metric tracked closely by management included the ratio of dollars recovered to audit hours expended. As part of the climate survey, the subordinates expressed concern that such a metric was inappropriate based on the work performed by Office A. However, management ignored the subordinates' concerns regarding this metric. The second-line manager said the changes (including metrics) were necessary because some of the subordinates believed that, "You can kick back and not have to worry about due dates and metrics and budgets and all that kind of stuff." The second-line manager also commented that some audits had lasted for years and she was not confident that it was "productive work."

The second-line manager's direction to the supervisor, and her perceptions of the Office A subordinates, likely exacerbated the supervisor's poor behavior toward the subordinates and led to an atmosphere of mutual distrust and disrespect. We also noted an instance where the second-line manager did not set a good example of appropriate management behavior during an email exchange with an Office A subordinate. In a prior email, the subordinate had suggested that the supervisor reconsider her decision on an issue because it might be contrary to a DCAA Headquarters requirement. The second-line manager responded to the subordinate as follows:

"The question has been asked and answered!...It is unproductive of you, and undermining to (her) role as your supervisor, for you to have pursued this further after (the supervisor) already provided an answer/decision. Your time is better spent working on your (audits)."
(supervisor's name was removed)

This response was counter-productive and unnecessarily harsh in its tone. While management should take a firm position on issues from time to time, management must nevertheless treat subordinates in a manner which fosters a productive work environment and encourages professional discourse. Ridiculing and intimidating subordinates for raising legitimate suggestions or questions is not acceptable management behavior. DCAA should consider appropriate actions concerning the second-line manager, to clarify and reinforce appropriate management behavior.

DCAA Corrective Actions. In response to the DoD IG and Government Accountability Office reports, DCAA took several actions in its effort to change the Agency culture and to focus on audit quality. Among them, DCAA eliminated 18 productivity metrics, developed 8 new performance measures, and re-emphasized its policy of zero-based budgeting⁵. The Northeast Region also eliminated the metric imposed on Office A referred to above. In addition, DCAA

⁵ Zero-based budgeting is the process during which the supervisor and the auditor discuss and agree on the budgeted hours required to perform an audit based on the risk assessment, audit scope, and audit program.

made significant revisions to its training program provided to managers and supervisors. We will be evaluating the effectiveness of these corrective actions separately. In the interim, DCAA should evaluate the adequacy of its current procedures and training curriculum for supervisors and managers to help prevent incidents of improper behavior, lack of accountability, and ineffective monitoring.

Recommendations, Management Comments, and Our Response.

We recommend that the Director, Defense Contract Audit Agency:

1. **Put in place a process to require that management evaluate the progress of new supervisors at least three times during the 1-year probationary period, after the 3rd, 6th, and 10th months.**

Management Comments. The Director concurred. By June 30, 2011, DCAA will develop and deploy a standardized process to evaluate the progress of new supervisors at least three times during the 1-year probationary period.

Our Response. The management comments are responsive.

2. **Assess the effectiveness of current procedures and the training curriculum for supervisors and managers to help ensure that:**
 - a. **supervisors receive adequate and timely guidance on enhancing their interpersonal skills;**
 - b. **management implements a strong program of monitoring supervisors continually during the 1-year probationary period and takes timely and appropriate action;**
 - c. **management fosters a culture of mutual trust and respect with employees; and**
 - d. **management holds supervisors accountable for their actions through the annual evaluation process, including their ability to maintain effective working relationships with subordinates.**

Management Comments. The Director concurred. DCAA is currently delivering a significantly redesigned supervisory course to emphasize cultural values such as mutual respect and the importance of interpersonal skills. All employees who supervise, regardless of grade, must successfully pass this redesigned course in FY 2011. This course also discusses accountability, progressive discipline, performance evaluations, probationary periods, and the responsibility to help professionally develop their staff. Also, DCAA

contracted with an external group to develop an interpersonal skills course that will be available to all DCAA employees.

Our Response. The management comments are responsive. In a separate review, we will review the adequacy of the redesigned supervisory training course.

- 3. Consider appropriate actions concerning the first-line manager to clarify and reinforce the need to:**
- a. closely monitor and counsel supervisors during their probationary period;**
 - b. prepare annual evaluations that accurately depict a supervisor's performance, including their ability to establish and maintain an effective working environment; and**
 - c. identify appropriate and timely corrective actions for supervisors, such as additional training needs.**

Management Comments. The Director concurred. In November 2010, the first-line manager successfully completed the redesigned supervisory course and two self-study courses. Upper management will also discuss the issues in this case with her to identify those areas that are better handled differently in the future.

Our Response. The management comments are responsive.

- 4. Consider appropriate actions concerning the second-line manager in order to clarify and reinforce appropriate management behavior toward subordinates, including subordinate supervisors.**

Management Comments. The Director concurred. The second-line manager will be counseled relative to the appropriate tone and professionalism of all future communications, written and oral, with subordinate employees.

Our Response. The management comments are responsive.

Appendix A. Scope and Methodology

We reviewed the DoD Hotline complaint to determine if allegations of abusive behavior involving a supervisor in the DCAA Northeastern Region could be substantiated. Specifically, we:

- interviewed nine auditors who worked for the supervisor at Offices A and B in the Northeastern Region;
- interviewed the supervisor (subject of the complaint);
- interviewed the supervisor's first and second line managers ;
- interviewed the supervisor's current manager;
- obtained and analyzed a climate survey of Office A that a Human Resources Officer conducted;
- reviewed the supervisor's Official Personnel File maintained by Defense Finance and Accounting Service; and
- examined the supervisor's personnel file maintained by the DCAA Northeastern Region.

We performed this review from February through October 2010.

Use of Computer-Processed Data. We did not rely on any computer-processed data as part of our review.

Prior Coverage. In the last 5 years, the DoD Inspector General issued two reports related to work environment issues at DCAA, including:

- Report No. D-2009-6-009, "Defense Contract Audit Agency Audit Work Deficiencies and Abusive Work Environment Identified by the Government Accountability Office," August 31, 2009. (The unrestricted DoD Inspector General report can be accessed at <http://www.dodig.mil>.)
- Report No. D-2011-6-001, "Hotline Allegations Involving Management Harassment of a Complainant in the Defense Contract Audit Agency Western Region," October 29, 2010.

Defense Contract Audit Agency Comments



OFFICE OF THE DIRECTOR

DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219

February 3, 2011

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR POLICY AND
OVERSIGHT, OFFICE OF THE INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE

SUBJECT: Response to Department of Defense Inspector General (DODIG) Draft Report,
Report on Hotline Complaint Regarding Allegations of Abusive Behavior by a
Supervisor in the Defense Contract Audit Agency, Northeastern Region (Project
No. D2010-DIP0AI-0068.000)

Thank you for the opportunity to respond to the subject draft report.

We agree that the supervisor demonstrated a pattern of behavior that was inconsistent with the ethical values contained in DoD 5500.7-R and established DCAA performance standards. When management concluded that the supervisor/team relationship was unlikely to improve under the then current conditions, management made the decision to move the supervisor to a different team to see if a new environment would foster a healthy and professional working relationship between the supervisor and the new team. When instances of inappropriate behaviors at this new office became evident, she was removed from supervisory duties. We believe the actions taken were consistent with the Agency's responsibilities to develop employees who are in new positions. We agree in hindsight that these actions should have been taken prior to the expiration of the supervisor's one year probationary period. We also agree that management should have held the supervisor accountable for her actions when the inappropriate behavior reoccurred. Finally, we agree that the performance evaluations for the supervisor were inconsistent with management's movement of the supervisor to a new team.

DODIG Recommendations. We recommend that the Director, Defense Contract Audit Agency:

1. Put in place a process to require that management evaluate the progress of new supervisors at least three times during the 1-year probationary period, after the 3rd, 6th, and 10th months.

DCAA Response. Concur. We agree that more feedback to new supervisors and more formal documentation of progress during the probationary period would be helpful in developing new supervisors, would also serve to emphasize the importance of making decisions prior to the expiration of the probationary period and should improve the documentation of progress discussions with probationary employees. By June 30, 2011, we will develop and deploy a standardized process to evaluate the progress of new supervisors at least three times during the 1-year probationary period.

SUBJECT: Response to Department of Defense Inspector General (DODIG) Draft Report, Report on Hotline Complaint Regarding Allegations of Abusive Behavior by a Supervisor in the Defense Contract Audit Agency, Northeastern Region (Project No. D2010-DIPOAI-0068.000)

2. Assess the effectiveness of current procedures and the training curriculum for supervisors and managers to help ensure that:
 - a. supervisors receive adequate and timely guidance on enhancing their interpersonal skills;
 - b. management implements a strong program of monitoring supervisors continually during the 1-year probationary period and takes timely and appropriate action;
 - c. management fosters a culture of mutual trust and respect with employees; and
 - d. management holds supervisors accountable for their actions through the annual evaluation process, including their ability to maintain effective working relationships with subordinates.

DCAA Response. Concur. DCAA recognizes that improvements in this area are needed and we have already implemented actions in an attempt to improve the working environment, with more actions planned. For example, we are currently delivering a significantly redesigned supervisory course required of all new supervisors to emphasize cultural values such as mutual respect and the importance of interpersonal skills. This course also discusses accountability, progressive discipline, performance evaluations, probationary periods, and the responsibility to help professionally develop their staff. Recognizing the need for culture change, DCAA is currently mandating that all employees who supervise, regardless of grade, must successfully pass this redesigned course in FY 2011. We also contracted with an external group to develop an interpersonal skills course that will be available to all DCAA employees. We will continue to review our procedures and policies to ensure that they are consistent with, and contribute to the implementation of, DCAA's core values.

3. Consider appropriate actions concerning the first-line manager to clarify and reinforce the need to:
 - a. closely monitor and counsel supervisors during their probationary period;
 - b. prepare annual evaluations that accurately depict a supervisor's performance, including their ability to establish and maintain an effective working environment; and
 - c. identify appropriate and timely corrective actions for supervisors, such as additional training needs.

DCAA Response. Concur. The annual evaluation was inconsistent with management's decision to move the supervisor to a new team and the supervisor should have been held accountable for inappropriate behavior. In addition, probationary employees should be removed during the probationary period when significant performance problems are found and not corrected even after repeated counseling. In November 2010, the first-line supervisor successfully completed the redesigned supervisory course and two self-study courses. We will also discuss the issues in this case to identify to her areas that are better handled differently in the future.

SUBJECT: Response to Department of Defense Inspector General (DODIG) Draft Report, Report on Hotline Complaint Regarding Allegations of Abusive Behavior by a Supervisor in the Defense Contract Audit Agency, Northeastern Region (Project No. D2010-DIP0AI-0068.000)

4. Consider appropriate actions concerning the second-line manager in order to clarify and reinforce appropriate management behavior toward subordinates, including subordinate supervisors.

DCAA Response. Concur. The second line manager should have used a more appropriate, professional tone in the email message that was sent to the subordinate employee. All levels of DCAA management must lead by setting the proper example in communicating with subordinates, and those communications must reflect the appropriate level of management decorum. While we believe the second level supervisor's response was not professional in its intonation, we do not believe the intent was to ridicule or intimidate; rather, the response was in frustration to the ongoing personnel issue in Office A. The second level supervisor will be counseled relative to the appropriate tone and professionalism of all future communications, written and oral, with subordinate employees.

Please direct any questions on this memorandum to the undersigned at (703) 767-3200.


Patrick J. Fitzgerald
Director



Inspector General Department of Defense